

# HOUSE BILL No. 4177

February 24, 1987, Introduced by Rep. Perry Bullard and referred to the  
Committee on Judiciary.

A bill to amend section 2027 of Act No. 218 of the Public  
Acts of 1956, entitled as amended  
"The insurance code of 1956,"  
being section 500.2027 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 2027 of Act No. 218 of the Public Acts  
2 of 1956, being section 500.2027 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4       Sec. 2027. Unfair methods of competition and unfair or  
5 deceptive acts or practices in the business of insurance  
6 include:

7       (a) Refusing to insure, or refusing to continue to insure,  
8 or limiting the amount of coverage available to an individual or  
9 risk because of any of the following:

1       (i) Race, color, creed, marital status, sex, or national  
2 origin, except that marital status may be used to classify  
3 individuals or risks for the purpose of insuring family units.

4       (ii) The residence, age, handicap, or lawful occupation of  
5 the individual or the location of the risk, unless there is a  
6 reasonable relationship between the residence, age, handicap, or  
7 lawful occupation of the individual or the location of the risk  
8 and the extent of the risk or the coverage issued or to be  
9 issued, but subject to subparagraph (iii). This section shall  
10 not prohibit an insurer from specializing in or limiting its  
11 transactions of insurance to certain occupational groups, types,  
12 or risks as approved by the commissioner of insurance. The com-  
13 missioner shall approve the specialization for an insurer  
14 licensed to do business in this state and whose articles of  
15 incorporation contained a provision on July 1, 1976, requiring  
16 that specialization.

17       (iii) For property insurance, the location of the risk,  
18 unless there is a statistically significant relationship between  
19 the location of the risk and a risk of loss due to fire within  
20 the area in which the insured property is located. As used in  
21 this subparagraph, "area" means a single zip code number under  
22 the zoning improvement plan of the United States postal service.

23       (b) Refusing to insure or refusing to continue to insure an  
24 individual or risk solely because the insured or applicant was  
25 previously denied insurance coverage by an insurer.

26       (c) Charging a different rate for the same coverage based on  
27 sex, marital status, age, residence, location of risk, handicap,

1 ~~or~~ lawful occupation of the risk, OR THE FACT THAT THE RISK HAS  
2 EXECUTED A DECLARATION UNDER THE MICHIGAN MEDICAL  
3 SELF-DETERMINATION ACT unless the rate differential is based on  
4 sound actuarial principles, a reasonable classification system,  
5 and is related to the actual and credible loss statistics or rea-  
6 sonably anticipated experience in the case of new coverages.  
7 This subdivision shall not apply if the rate has previously been  
8 approved by the commissioner.

9 (D) REFUSING TO INSURE, REFUSING TO CONTINUE TO INSURE, OR  
10 LIMITING THE AMOUNT OF COVERAGE AVAILABLE TO AN INDIVIDUAL OR  
11 RISK BECAUSE THE INSURED OR APPLICANT HAS EXECUTED A DECLARATION  
12 UNDER THE MICHIGAN MEDICAL SELF-DETERMINATION ACT.

13 Section 2. This amendatory act shall not take effect unless  
14 Senate Bill No. \_\_\_\_\_ or House Bill No. 4176 (request  
15 no. 00290'87) of the 84th Legislature is enacted into law.